

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-07 EUR-12 NEA-10

IO-13 OIC-02 FEA-01 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

XMB-02 OPIC-03 /145 W

-----014962 201920Z /46

R 201711Z JUN 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5283

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY DAR ES SALAAM

AMEMBASSY NAIROBI

AMEMBASSY SAN SALVADOR

AMEMBASSY GUATEMALA

AMEMBASSY MEXICO

AMEMBASSY MANAGUA

AMEMBASSY BOGOTA

AMEMBASSY YAOUNDE

AMEMBASSY JAKARTA

AMEMBASSY ABIDJAN

AMEMBASSY KINSHASA

AMEMBASSY ADDIS ABABA

AMEMBASSY SAN JOSE

AMEMBASSY CANBERRA

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY BERN

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USEEC AND EMBASSY

FOR: EB/TRP - MR. TOM O'DONNELL

E.O. 11652: N/A

SUBJECT: COFFEE -- ICO EXECUTIVE BOARD MEETING

REF: LONDON 10030

1. SUMMARY. THE EXECUTIVE BOARD OF THE INTERNATIONAL COFFEE ORGANIZATION (ICO) MET JUNE 15 AND 16. DISCUSSIONS OF THE MAIN ITEMS ON THE AGENDA - VERIFICATION OF STOCKS, SYSTEM OF CERTIFICATES OF ORIGIN, AND THE STUDY OF SUPPLY AND DEMAND - WENT SMOOTHLY. PRODUCERS RECEIVED THE U.S. STATEMENT ON DECLINING CONSUMPTION AND REPORTS OF BRAZILIAN COFFEE PURCHASES (REFTEL) WITHOUT RANCOR, PROFESSING LACK OF KNOWLEDGE ABOUT ANY SUCH DEALS. END SUMMARY.

2. OPENING MEETING JUNE 15 HANDLED LARGELY ROUTINE MATTERS ON VOTING AND STATISTICAL DOCUMENTS. IN GOING OVER THE DRAFT OF THE PROPOSED STATISTICAL QUARTERLY (FIRST ICO DOCUMENT CONCEIVED AS A REGULAR PUBLICATION FOR PUBLIC CONSUMPTION) AND OTHER STATISTICAL DOCUMENTS, SOME PRODUCERS EXPRESSED INTEREST IN MORE FIGURES ON PRICES IN REAL TERMS (COLOMBIA), ON PRICES QUOTED IN SDRS (BRAZIL), AND ON PRICE MARK-UPS OVER THE IMPORT VALUE OF GREEN COFFEE IN CONSUMING COUNTRIES (MEXICO). DOCUMENT WAS WELL RECEIVED BUT EXECUTIVE DIRECTOR BELTRAO SAID FURTHER REFINEMENTS WOULD BE NEEDED BEFORE PUBLICATION. EXPORTERS, PREDICTABLY, UNDERSCORED FACT THAT DATA SHOWED EXCEPTIONALLY HIGH LEVEL OF EXPORTS LIMITED OFFICIAL USE

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THIS COFFEE YEAR.

3. THE SECOND DAY'S DISCUSSIONS BEGAN WITH A QUICK REVIEW OF THE SURVEY ON VERIFICATION OF STOCKS. THE EXECUTIVE DIRECTOR REPORTED THAT THE RESULTS OF RECENT SURVEYS WOULD BE RELEASED IN MID-JULY.

4. THE EXCHANGE ON THE SYSTEM OF CERTIFICATES OF ORIGIN (A "TRACKING SYSTEM" FOR COUNTING EXPORTS WHEN QUOTAS ARE NOT IN EFFECT) WAS CONSTRUCTIVE AND, CONTRARY TO WHAT MIGHT HAVE BEEN EXPECTED, QUITE RESTRAINED. THE EXECUTIVE DIRECTOR GAVE A LENGTHY STATEMENT ON ITS CURRENT STATUS AND PRESENTED DOCUMENTS SHOWING THAT CERTIFICATES FOR SOME 4.5 MILLION BAGS OF COFFEE COULD NOT BE MATCHED AND THEREFORE AT THIS MOMENT COULD NOT BE USED FOR CALCULATING QUOTES. THE BOARD APPROVED HIS PROPOSAL TO EXTEND BY THREE MONTHS THE PERIOD OF VALIDITY FOR CERTIFICATES OR IMPORT RETURNS COVERING COFFEE EXPORTS DURING THE FIRST TWO QUARTERS OF THIS COFFEE YEAR, IN ORDER TO PROVIDE MORE TIME FOR MATCHING. THIS WAS VIEWED AS A TRANSITIONAL MEASURE SINCE THE SYSTEM IS STILL IN ITS "SHAKE-DOWN" STAGE.

5. PRODUCERS DID NOT HIDE THEIR CONCERN OVER THE
TRACKING SYSTEM, BUT NEITHER DID THEY
TRY TO SHIFT THE BLAME TO CONSUMERS. SEVERAL DELEGATES
SUGGESTED IMPROVEMENTS, AMONG THEM A PROPOSAL TO ALLOW
CERTIFICATES RECEIVED BY IMPORTERS AFTER IMPORT RETURNS
HAD BEEN COMPLETED AND ENTRIES MADE TO REMAIN VALID,
EVEN WITHOUT THE OFFICIAL APPROVAL BY CUSTOMS. THE
EXECUTIVE DIRECTOR DEFLECTED THESE SUGGESTIONS, URGING
THAT ANY CHANGES IN THE RULES BE LEFT FOR CONSIDERATION
TO A TECHNICAL GROUP TO BE SCHEDULED AFTER THE SECRET-
ARIAT HAD DONE MORE CASE WORK ON INDIVIDUAL PROBLEMS.
(COMMENT: THE SYSTEM IS WORKING LESS WELL THAN IT
MIGHT BECAUSE OF PROBLEMS AT BOTH ENDS -- WITH BOTH
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EXPORTERS AND IMPORTERS. WE THINK BELTRAO'S CAUTION
IN ACCEPTING CHANGES IN THE RULES AT THIS STAGE IS WELL

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PLACED. MORE TIME IS NEEDED).

6. THE U.S. SPOKESMAN (WALL) CITED EFFORTS BY U.S. CUSTOMS TO IMPROVE THE U.S. PERFORMANCE, BUT NOTED THAT MUCH OF THE PROBLEM IN COMPLETING IMPORT RETURNS WOULD BE AVOIDED IF ALL MEMBERS COMPLIED WITH THE SECRETARIAT'S SUGGESTIONS. INFORMAL DISCUSSIONS WITH THE STAFF OF THE SECRETARIAT WERE USEFUL IN MAKING IT AWARE THAT IMPORT RETURNS WOULD NOT BE REQUIRED SO OFTEN IF EXPORTING MEMBERS CO-OPERATED MORE FULLY IN FORWARDING CERTIFICATES WITH OTHER SHIPPING DOCUMENTS. THE U.S. STATEMENT, THE CONCLUDING ONE OF THE DISCUSSION OF THIS ITEM MESHED WELL WITH SECRETARIAT VIEW THAT MORE TIME IS NEEDED TO WORK OUT THE KINKS IN THE SYSTEM VIA CLOSE CASE-BY-CASE CONSULTATIONS.

7. REGARDING THE AGENDA ITEM ON THE STUDY ON SUPPLY AND DEMAND , THE FRG DELEGATE (RORIG) RAISED A NUMBER OF OBJECTIONS TO THE TERMS OF REFERENCE

FOR THE DEMAND SIDE OF THE STUDY. U.S. REP (THIGOEN) LENT GENERAL SUPPORT TO RORIG, NOTING SOME OF DATA SOUGHT COULD BE CLOSELY HELD BY U.S. INDUSTRY AS LEGITIMATE TRADE SECRETS. CONCERN WAS RAISED AS WELL ABOUT POSSIBLE LEGAL IMPLICATIONS IN THE U.S. (I.E., WHETHER A ORICE STUDY WOULD HAVE PRICE FIXING IMPLICATIONS). U.S. REP PROMISED CO-OPERATION BUT STRESSED USG WOULD NOT "PRESSURE" TRADE TO FURNISH INFORMATION. BELTRAO COMMENTED THAT OF COURSE NOT ALL THE INFORMATION SOUGHT WOULD BE AVAILABLE, NOR WAS IT LIMITED OFFICIAL USE

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THE ICO'S INTENT TO PUT PRESSURE ON THE TRADE. HE NOTED THAT A GREAT DEAL OF PUBLISHED MATERIAL WAS ALREADY AVAILABLE (E.G. U.S. CENSUS DATA) AND THE JOB WOULD BE LARGELY ONE OF COLLATION. THE REVIEW OF THE STUDIES ON SUPPLY AND DEMAND WAS REFERRED TO FURTHER MEETINGS OF THE WORKING GROUP.

8. STATEMENT BY U.S. REP ON REPORTS OF BRAZILIAN COFFEE PURCHASES AND PRODUCERS' REACTION REPORTED IN REFTEL. WHAT MORE RAISED THE PRODUCERS' IRE, HOWEVER, WERE REPORTS OF EFFORTS BY THE FRENCH GOVERNMENT TO RESTRICT COFFEE ADVERTISING. SPEAKING FOR THE PRODUCERS, THE BRAZILIAN DELEGATE (LIMA) SAID THAT SUCH ACTIONS WOULD BE CONTRARY TO THE AGREEMENT'S GOALS OF ENCOURAGING CONSUMPTION. THE FRENCH REPRESENTATIVE REPLIED THAT THESE MEASURES CONSISTED OF RECOMMENDATIONS (I.E., GOVERNMENTAL "JAW BONING") TO ADVERTISING FIRMS ONLY TO RESTRICT PROMOTION CAMPAIGNS ON TELEVISION FOR A PERIOD OF THREE MONTHS.

9. THE FINAL TOPIC CONCERNED THE INVITATION BY THE CHAIRMAN (NIJUQUNA) TO HOLD THE NEXT EXECUTIVE BOARD MEETING IN AUGUST IN HIS HOME CAPITAL, NAIROBI. COMPLICATING THIS WAS LIMA'S ANNOUNCEMENT THAT BRAZIL ALSO WOULD INVITE MEMBERS TO A MEETING IN RIO IN DECEMBER. MOST EXPORTERS ENTHUSIASTICALLY SUPPORTED NIJUGUNA; WITH THE NOTABLE EXCEPTION OF THE FRG, MOST CONSUMERS RESPONDED THAT THEY WOULD HAVE TO REFER THE KENYAN INVITATION TO THEIR HOME CAPITALS. THE CHAIRMAN CONCLUDED FROM THIS THAT HE BELIEVED THEIR REPLIES WOULD BE POSITIVE. (NOTE: NIJUGUNA'S INVITATION CAUGHT THE MEETING BY SURPRISE. THE FACT THAT NIJUGUNA CLEARLY PUT HIS PERSONAL REPUTATION ON THE LINE MADE RATIONAL DEBATE IMPOSSIBLE).

10. COMMENT. THIS BOARD MEETING WAS AGAINST A BACK-LIMITED OFFICIAL USE

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GROUND OF A HIGHLY NERVOUS, DECLINING FUTURES MARKET IN BOTH LONDON AND NEW YORK. PRODUCERS CLEARLY HAVE NOT SORTED OUT WHAT THE LONGER TERM IMPLICATIONS OF THIS ARE (NOR HAVE THE IMPORTERS, FOR THAT MATTER). OUR ASSESSMENT IS THAT THE SOBER, POSITIVE REACTION OF PRODUCERS TO THE U.S. STATEMENT AND THEIR ATTACK ON FRANCE FOR GOVERNMENTAL EFFORTS TO RESTRICT CONSUMPTION ARE CLOSELY RELATED TO THE LATEST EVENTS ON THE MARKET. SINCE THE MEETING, BELTRAO AND ONE PRODUCER, GURRIA OF MEXICO, BOTH CONTRASTED THE REACTION OF PRODUCERS TO A SIMILAR U.S. STATEMENT MADE LAST OCTOBER TO THEIR REACTION TO THE LATEST ONE. GURRIA NOTED THAT THIS TIME AROUND THERE SEEMS TO BE GROWING AWARENESS OF THE NEED TO RESPECT THE "SPIRIT" OF THE AGREEMENT, AND HE IMPLIED THAT PRODUCERS SEEM TO BE LEARNING THAT UNILATERAL TINKERING WITH THE COFFEE TRADE CAN BE DANGEROUS.

BREWSTER

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Message Attributes

Automatic Decaptioning: X
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
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Executive Order: N/A
Errors: N/A
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Original Handling Restrictions: n/a
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Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2097342
Secure: OPEN
Status: NATIVE
Subject: COFFEE -- ICO EXECUTIVE BOARD MEETING
TAGS: ETRD, ICO
To: STATE USEEC
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/0c7ee779-c288-dd11-92da-001cc4696bcc
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